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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mr. BOOZMAN).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
February 10, 2004.

I hereby appoint the Honorable JOHN BOOZMAN to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 20, 2004, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

AMERICAN MIDDLE-CLASS TAX

Mr. BLUMENAUER. Mr. Speaker, listening to the President's State of the Union speech and the Republican leadership in Congress, I have been struck by the false choices and misplaced priorities that have been presented to the American public.

We heard pledges from the Presidential candidates on the campaign trail in the year 2000 to save the Social Security surplus and put it in a lockbox.

The reality of the President's 2005 budget proposal is that he feels it is

more important to reward those who need help the least, instead of correcting, for example, the looming crisis in Social Security. Perhaps, a cynic would say, because it does not explode until after the expiration of the next Presidential term.

Rather than protect future retirements for American workers, this administration would instead borrow more from the Social Security trust fund to finance tax breaks for people who already have gained the most. But the most disingenuous, insidious, and destructive of all of these policies to American middle-class families is the refusal to deal with the alternative minimum tax, which has become a cruel penalty on middle America.

This tax was established 35 years ago after a study revealed that there were 155 people who paid no Federal income tax at all despite having an annual income, in today's dollars, of over a million dollars. This led to the alternative minimum tax passed in 1969. It was designed to ensure that a few ultra-rich people at least paid something. This alternative minimum tax, the AMT, has now morphed into a money-raising bonanza for the Federal Government and a nightmare for middle America.

Because it was never indexed for inflation, more people pay this every year, people who were never designed to be subjected to it. Congress now uses these tax revenues to finance other tax cuts for more privileged people. The goal of the administration and the Republican Congress is to make dividend and investment income tax free, inheritances tax free.

As recently as 1997, less than 1 percent of the American tax payers were subjected to the alternative minimum tax. Because of inflation, rising incomes, and added gimmicks to the tax system, today, almost 2½ million families pay the AMT. By 2005, we will have five times as many people, over 12 million families; by 2010 over 33 million

American families are going to be providing half the Federal income tax through the alternative minimum tax. By 2013, 10 years from now, 37 percent of all taxpayers, 41 million families, will pay it.

The tragedy is that instead of catching a few who avoid paying taxes, the alternative minimum tax is specifically penalizing hard-working families who are doing exactly what government and this administration ask. Rather than strike people who avoid paying taxes, the alternative minimum tax penalizes families who are because they pay high local property and income taxes. It penalizes people with children who take advantage of the child care deductions and family credits. It penalizes those who save for their own future with 401(k) or other tax-deferred programs. These things trigger the alternative minimum tax for doing exactly what people are asked by this government to do.

Finally, many people are going to pay more to a CPA to make complex calculations than the tax itself will cost them, thus a double tax penalty.

Where is the outrage from this administration and from the Republican leadership in Congress about this disaster that is befalling American families? They claim that they are for tax fairness and justice, yet they are addicted to the Federal Government raising revenues unfairly while they are cutting taxes for people whose taxes have already been cut and who need the help least of any Americans.

Federal taxes overall as a percentage of government spending are at the lowest level of national income since the 1950s; but they are being shifted. Because of the policies of my Republican friends in Congress and this administration, they are being shifted to America's hard-working families who deserve better.

There ought to be no more talk about tax cuts for the most well-off until we

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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